

**FCC DOCKET CC NO. 97-208**  
**AFFIDAVIT OF JIM CARROLL**

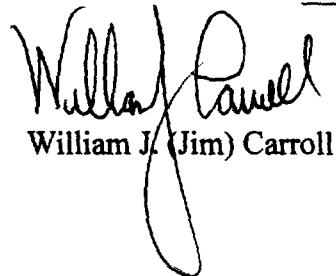
have no doubt what BellSouth will do once it gets 271 relief -- retrench on even its minimal efforts to open the local market to competition.

**CONCLUSION**

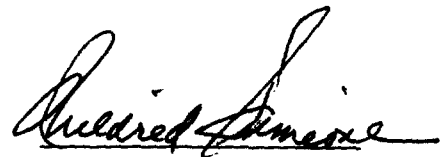
36. AT&T has attempted to enter South Carolina local markets more broadly than through AT&T Digital Link service. Contrary to the claims in its 271 application, BellSouth's unwillingness to comply with the explicit obligations imposed by the Act and the Commission's regulations, and the SCPSC's unwillingness to require such compliance, have created massive roadblocks and effectively frustrated AT&T's entry plans.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on October 17, 1997

  
William J. (Jim) Carroll

SUBSCRIBED AND SWORN TO BEFORE ME this 17<sup>th</sup> day of October 1997.



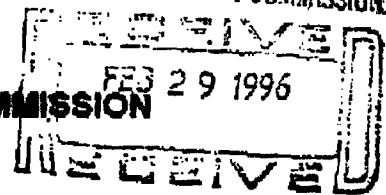
Notary Public

My commission Expires:

**MY COMMISSION EXPIRES**  
**JANUARY 28, 2000**

# **ATTACHMENT 1**

**BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION**



**IN RE: APPLICATION OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC. FOR AN AMENDMENT TO ITS CERTIFICATE OF CONVENIENCE AND NECESSITY SO AS TO AUTHORIZE IT TO OFFER AND PROVIDE TELECOMMUNICATION SERVICES THROUGHOUT SOUTH CAROLINA**

**APPLICATION OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.**

AT&T Communications of the Southern States, Inc. (here "AT&T"), pursuant to Section 253 of the Telecommunications Act of 1996 and South Carolina Code Section 58-9-280 files this Application for an amendment to its certificate of convenience and necessity to authorize it to offer and provide telecommunication services, including local exchange services, throughout South Carolina; and for grounds states that:

1. AT&T Communications of the Southern States, Inc. is a New York corporation, authorized to do business, and doing business in South Carolina. The address of its principal office is 295 North Maple Ave., Basking Ridge, New Jersey 07920. It is a wholly owned subsidiary of AT&T Corp. Exhibit A is a copy of AT&T's Certificate of Incorporation, By-Laws, and Authorization to Transact Business in South Carolina.

2. AT&T Corp. is a New York corporation, authorized to do business, and doing business in South Carolina. The address of its principal office is 32

Avenue of the Americas, New York, New York 10013-2412. It is the parent of AT&T Communications of the Southern States, Inc.

3. On December 29, 1983, AT&T was granted a certificate of public convenience and necessity authorizing it to provide interLATA telecommunication services between all points and places in South Carolina in intrastate commerce. A copy of the Order of the Commission granting that certificate is attached as Exhibit B to this Application.

4. Since the granting of its certificate, AT&T has been providing telecommunication services in South Carolina pursuant to the rules and orders of this Commission; and this Commission is thoroughly familiar with its managerial, financial, and technical abilities.

5. By this Application AT&T seeks to amend its existing certificate to be authorized to provide telecommunication services, including local exchange services, throughout South Carolina.

6. AT&T is familiar with applicable Commission policies, rules, and orders, has adhered to them in conducting its past and present operations in South Carolina, and will continue to adhere to them.

7. The management personnel of AT&T, who will be the same as in AT&T's existing South Carolina operations, have long experience in the conducting of telecommunication services and have the managerial ability to provide the applied for services.

8. AT&T is financed by its parent AT&T Corp., which has a long history of financing telecommunication services in this state and is fully capable of providing the financial resources to provide the applied for services. A copy of the 1994 annual report of AT&T Corp., including financial statements, is attached as Exhibit C to this Application.

9. AT&T, its parent AT&T Corp., and its affiliated corporations are among the foremost experts in the world with respect to the technical aspects of providing telecommunication services. AT&T has the technical ability to provide the applied for services.

10. AT&T intends to offer local exchange service once it completes its negotiations with incumbent LECs and/or once the Commission rules on local competition issues brought before it. AT&T has attached as Exhibit D an illustrative tariff for information. AT&T seeks authority to provide service statewide in accordance with Section 253 of the Telecommunications Act of 1996.


11. The Commission should approve this request at an early date, and should enter an order amending AT&T's certificate of public convenience and necessity so as to authorize AT&T to offer and provide telecommunication services throughout South Carolina.

The premises considered, the Applicant prays that:

1. The Commission grant this Application and enter an Order amending the certificate of public convenience and necessity heretofore granted

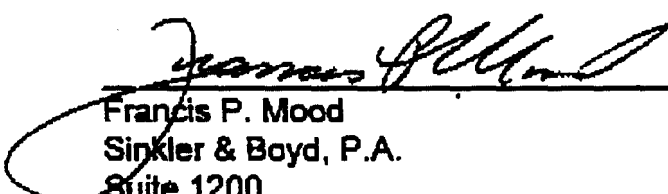
to AT&T Communications of the Southern States, Inc. to authorize it to offer and provide telecommunication services throughout South Carolina;

2. The Applicant have such other, further, and general relief as the justice of its cause may entitle it to receive.



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Roger A. Briney  
AT&T  
1200 Peachtree Street, N.E.  
Atlanta, Georgia 30309  
(404) 810-8550



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Francis P. Mood  
Sinkler & Boyd, P.A.  
Suite 1200  
1426 Main Street  
Columbia, South Carolina 29201  
(803) 779-3080

Attorneys for Applicant, AT&T Communications of the Southern States, Inc.

**ATTACHMENT 2**





William J. (Jim) Carroll  
Vice President

Room 4170  
1200 Peachtree St., NE  
Atlanta, GA 30309  
404 810-7262

June 6, 1996

Via Facsimile and Hand Delivery

Mr. C. B. Coe  
Group President-Customer Operations  
BellSouth Telecommunications, Inc.  
675 W. Peachtree Street, NE  
Suite 4514  
Atlanta, GA 30375

Dear Charlie:

I am writing to you regarding a disturbing development in our negotiations with BellSouth under the Telecommunications Act of 1996 ("Act") regarding unbundled network elements.

In an executive meeting between AT&T and BellSouth on May 23, 1996, Hank Anthony stated that he wanted the record to reflect that "just because AT&T had listed various unbundled elements and that BellSouth was discussing these elements with AT&T that this did not constitute BellSouth's admission that BellSouth is legally required under the Telecommunications Act of 1996 to provide these elements to AT&T." As I reflected on this comment, it disturbed me given the extent of dialogue that has occurred between our companies at the Subject Matter Expert, Core, and Executive level meetings since March 4, 1996. To insure I understood the intent of Hank's statement, I talked with Scott Schaefer on the morning of May 24, 1996. After some discussion, Scott stated he would talk with Hank and get back to me.

At a Core Team meeting later in the day on May 24, 1996, Suzie Lavett of BellSouth gave us the attached document described as a "revised routing policy." Please note the second paragraph.

In our Executive meeting on May 29, 1996, Scott and Hank affirmed that "it was BellSouth's position that Operator Services, Directory Assistance, and Repair Service are not required to be unbundled under the Act." AT&T disagrees with BellSouth's position.

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Specifically, Operator Systems (whether used to provide operator services, directory assistance or other related services) are "facilit[ies]" and "equipment" that are "used in the provision of a telecommunication service" to (one) complete calls and are therefore "network elements" subject to the Act's unbundling requirements. Additionally, the technical feasibility of unbundling operator systems cannot be disputed.

You also should know that on May 29, 1996, I also asked Scott and Hank if there were other network elements which BellSouth believed it was not required to provide to AT&T on an unbundled basis. Scott and Hank stated that it would be approximately two weeks before BellSouth could complete its determination of other elements that might not be covered by the Act. Charlie, AT&T requests that this be done expeditiously.

Perhaps you can better understand my frustration at this latest turn of events if you knew more specifically the number of times AT&T has advised BellSouth of our position on unbundled network elements.

1. At our first negotiating session with BellSouth on March 11, 1996, I personally reviewed AT&T's unbundled elements with BellSouth's Executive Team.
2. On March 28, 1996, we gave BellSouth Version 1 of AT&T's
  - Unbundled Network Elements - Local Platform, Version 1 dated March 27, 1996
  - Loop Unbundled Resale with Interconnection Planning Document, Version 2, dated March 28, 1996
3. On April 4, 1996, I met with you and gave you an overview of AT&T's unbundled network elements expectations. I followed up my visit by sending you a copy of Version 2 of AT&T's unbundled network elements.
4. In my meeting with you on April 4, 1996, and with Scott on April 12, 1996, we discussed the complexity of unbundled network elements and our capability to reach agreement by mid July. Additionally, our correspondence dated April 12 and April 23, 1996, reflected our dialogue.

Charlie, even though we agreed to disagree, BellSouth expeditiously identified access and LEC to LEC agreements as areas where we had different interpretations of applicability of the Act. BellSouth obviously has not done this with unbundled network elements. Again, we would appreciate it if BellSouth would advise us as soon as possible of its position on what network elements BellSouth is not required to unbundle under the Act.

Regards,



William J. Carroll

Attachment

CC: Scott Schaefer

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## **ATTACHMENT 3**

**AT&T Communications, Inc.**  
**Local Network Elements**  
**Local Platform**

**Proprietary and Confidential Information**  
Subject to a BellSouth and AT&T  
nondisclosure agreement and should not be shared except as provided thereto  
March 27, 1996

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## **Unbundled Network Elements Local Platform**

### **I. Introduction:**

This document provides an overview, including definitions, of the unbundled network elements which AT&T wishes to purchase either individually or in combinations. This document also includes high level technical requirements to which the incumbent LEC shall adhere in support of the unbundled network element platform, some of the ancillary capabilities needed to provide local service and the operational requirements which must be met to support service. These operational requirements of the LEC include; network engineering, service order provisioning, maintenance and recording. This document will describe how the network platform arrangement will enable carriers to order a combination of unbundled network elements which will allow new entrants to offer local exchange and access services. Though the document will be primarily focused on one combination of network elements which supports switched services, there are other combinations which may be considered for purchase by a new entrant to the local service market. These combinations are also not limited to voice services.

### **Description:**

The network platform arrangement is characterized by the ability to disaggregate and recombine the physical components of the local exchange network into component piece parts called basic network functions or elements. A basic network functions or element can be individually priced, and provided by LECs via tariffs or contracts to competitors. This will enable LEC competitors to purchase individual elements or combinations of elements needed to provide service to local end user customers and other carriers. While the list of network elements contained in this document is envisioned to be those required at this time the list will change as technological advances are made and new services evolve. It is also important to note that the list of network elements will contain network components which may be obtained by new entrants from a supplier other than the LEC or may be self provisioned.

The list of network elements is consistent with existing network architectures and will be adaptable to any future changes, if required. Each network element included within met the following criteria:

- Has a clearly identified interface.
- Is measurable and can be billed, or has the potential for such.

## Unbundled Network Elements Local Platform

- Utilizes transmission and/or switching protocol and physical interconnection standards, recommended by the industry.
- Can be provided to a new entrant by another vendor.
- Can be ordered in combinations to facilitate the development of a competitive service offering.

However, offering unbundled network elements alone is not sufficient for new entrants to gain value from this arrangement. There must be provisions for the necessary automated operational interfaces and processes to support competing services. More importantly, there must be agreement on the specifications for these processes between incumbent LEC and the new entrant to ensure seamless high quality service to customers and fair treatment of the new entrant by incumbent LEC in an atmosphere supportive of competition. It is therefore necessary to identify and address the operational interfaces and processes which will support the new entrant's ability to order, provision, maintain and bill a quality competitive service offer for their customers.

In addition to the network elements and the operational interfaces, there are essential ancillary capabilities which the incumbent LEC must make available as part of the combinations or separately to new entrants. These ancillary functions would be available to new entrants via tariffs, contracts, or letters of agreement, depending on the specific ancillary function.

**ATTACHMENT 4**

**AT&T Communications, Inc.**  
**Unbundled Loop Combination and Interconnection**  
**Planning Document for Network Product and Services,**  
**Network Interconnection,**  
**Network Operations, Access, Account Maintenance and**  
**Billing, Security and**  
**Pricing and Compensation in the Local Exchange**  
**Service Marketplace**

**Proprietary And Confidential Information**

**Subject to a BellSouth and AT&T**  
**nondisclosure agreement and should not be shared except as provided thereto.**



**AT&T Communications, Inc.**  
**Unbundled Loop Combination and Interconnection**  
**Planning Document for Network Product and Services,**  
**Network Interconnection,**  
**Network Operations, Access, Account Maintenance and**  
**Billing, Security and**  
**Pricing and Compensation in the Local Exchange**  
**Service Marketplace**

**Preface**

AT&T plans to enter the local exchange market throughout the BellSouth States. In anticipation AT&T is investigating viable alternatives available through which this service may be provided.

This may be accomplished through "Total Service Resale", through the purchase of unbundled network elements (e.g. loop combination resale) and/or a facilities build out that would provide AT&T with the ability to service Customers in a manner that is consistent with the high quality and service standards with which the AT&T brand is associated.

This includes the full spectrum of BellSouth network services, both current and new including features for both business and residence markets as well as various unregulated or enhanced services such as voice mail and inside wire. All services will need to be provided in a seamless fashion so as not to impact customer service.

For all features and services described AT&T will require cost based (TSLRIC) pricing options and competitive service intervals in order to finalize our marketing plans. This request is separated into 7 major categories: Services and Products, Network Interconnection, Network Operations, Access, Local Account Maintenance and Billing, Security, and Pricing and Compensation.

The required interfaces for the interconnection, ordering, provisioning, maintenance, billing, and security of the various services and features must be fully tested and verified to ensure AT&T of general availability on the first day service is made available in each state by BellSouth. AT&T is prepared to commit the necessary resources and time required to bring the negotiations to a successful conclusion. AT&T welcomes the opportunity to work cooperatively to enhance system interfaces leading to a more robust and cost effective network on a going forward basis.

## **UNBUNDLED LOOP COMBINATION RESALE WITH INTERCONNECTION**

### **I. Network Services and Products**

In Unbundled Loop Combination Resale with Interconnection, the Quality, Integrity, and Responsiveness for provisioning and maintenance of the resold loop and interconnection to AT&T's network, is essential to AT&T in reaching an agreement

AT&T would like to work with BellSouth in developing a comprehensive response which covers these requirements, including a pricing structure that will accurately reflect the economies realized by BellSouth and make this alternative attractive to AT&T.

It is our desire to be able to offer via an Unbundled Loop Combination Resale with Interconnect agreement, all the network capabilities and functions needed to offer residential and business customers a wide array of basic exchange services in a technically equivalent fashion to the services that are currently offered by BellSouth to its own customers. The Unbundled Loop Combination Resale agreement includes Physical Interconnection, Co-Location, Signaling, traffic exchange, and electronic interface requirements, as well as access to all supporting databases. The sections of this document which list services and feature functionality are not meant to be inclusive of, or all encompassing of BellSouth's services which might be needed.

In the event that BellSouth should develop a new service or feature, AT&T would expect to be able to offer that service at the same time it is offered by BellSouth. In the pages that follow the basic requirements for Services and Products are detailed.

#### **A. Network Elements and Basic Service Requirements**

1. Loop and Loop Sub-Elements
  - a. Loop distribution
  - b. Loop concentrator
  - c. Loop feeder
2. End Office Switch, (AKA unbundled port)
3. Signaling
  - a. Signaling Links
  - b. Signal Transfer Points
  - c. Service Control Points
4. Common Transport

## **ATTACHMENT 5**



William J. (Jim) Carroll  
Vice President

Room 4170  
1200 Peachtree St., NE  
Atlanta, GA 30309  
404 810-7262

June 10, 1996

Via Hand Delivery and Facsimile

F. Duane Ackerman  
Vice-Chairman and Chief Operating Officer  
BellSouth Communications, Inc.  
Atlanta, GA

Dear Mr. Ackerman:

Reference is made to Scott Schaefer's letter of May 16, 1996, in which he recommends that our two companies include the remaining two states in our negotiations.

Pursuant to Section 252 of the Telecommunications Act of 1996, AT&T Corp. ("AT&T") requests the commencement of negotiations for interconnection to enable AT&T to provide competing telecommunications services, including local service, in the State of South Carolina. This request includes all interconnection issues identified in Sections 251 and 252 of the Act, including the prices and terms for interexchange access, the resale of services, and the network elements used for the origination and completion of local exchange and interexchange services traffic.

Interconnection negotiations already commenced in the States of Florida, Georgia, North Carolina, Tennessee, Louisiana, Alabama, and Kentucky. During the initial negotiation meeting held between AT&T and BellSouth on March 11, 1996, our companies agreed that it is appropriate to negotiate the majority of issues on a regional basis and only separately negotiate those issues that vary on a state by state basis. Therefore, it is AT&T's view that the negotiations for the State of South Carolina will become a part of the regional negotiations, recognizing that the official commencement date for the South Carolina negotiations for purposes of Section 252 (b) (1) of the Act is June 10, 1996.

While negotiations are progressing, there are a significant number of issues to resolve. I continue to hope we can reach a mutually beneficial negotiated agreement.

Very truly yours,

A handwritten signature in dark ink, appearing to be "J. Drummond", written over the "cc:" line.

cc: J. Drummond  
C. Coe  
S. Schaefer  
L. Cecil

**ATTACHMENT 6**

Memorandum to File

Re: June 20, 1996. AT&T and BellSouth Executive Interconnection Negotiations Meeting

Attendees:   AT&T:       W. J. Carroll, Vice President-LSO Southern Region  
                          R. Crafton, Manager-Southern Region  
                          D. M. Eppsteiner, Senior Attorney-L&GA  
                          N. Brown, District Manager (First part only)  
                          M. Guedel, Manager (First part only)

                  BellSouth   W. S. Schaefer, Vice President-Marketing Interconnection Services  
                                  S. Lavett, Lead Negotiator  
                                  M. J. Peed, General Attorney  
                                  J. Anderson, Cost Analyst (First part only)  
                                  J. Hendrix, Pricing Analyst (First part only)

Place:       BellSouth Offices, 675 West Peachtree St., Atlanta, Georgia

This memorandum summarizes the June 20, 1996. meeting between the Executive Teams of BellSouth and AT&T. A copy of the Agenda is attached as Attachment 1.

Jim Carroll opened the meeting by stating that his thought for the first two hours of the meeting was to discuss each company's view of various economic definitions that were being used. He stated that it was not his intent to solve any issues in the cost area, but to gain insight into each company's view.

Scott Schaefer stated that even in BellSouth, different people used different definitions for Long Run Incremental Cost ("LRIC") and Total Service Long Run Incremental Cost ("TSLRIC"). He said he wanted to make sure we were not arguing over something that could be resolved definitionally. He then introduced Jerry Hendrix as BellSouth's Pricing Analyst and Jim Anderson as BellSouth's Cost Analyst.

Mr. Anderson then distributed a one-page document (Attachment 2) of economic definitions accepted by BellSouth. Mr. Anderson explained BellSouth's view of LRIC. He stated that for BellSouth, the LRIC is the price floor for any service offered. Under this definition, he explained, there were no fixed costs. LRIC is forward looking.

Mr. Guedel then asked how BellSouth defined fixed costs. Mr. Anderson stated that BellSouth considered a fixed cost to be a one-time cost that was sunk when spent, as compared to a capital cost which, once spent, developed additional cost streams. Mr. Guedel asked if switches were included in BellSouth's definition of LRIC. Mr. Anderson

Mr. Crafton then suggested a review of the high points on the matrix (Attachment 3). In the unbundled loop need, AT&T was awaiting a response to the options in its proposal. Ms. Lavett noted that BellSouth had responded to these at the working level. Ms. Lavett, referring to the matrix, stated that options a (provide AT&T with copper facilities) and b (integrated VRT configuration, provide a TR303 interface) are available but that c (allow AT&T to purchase entire DLC system) and d (convert integrated systems to non-integrated) were not. Ms. Lavett stated that BellSouth believed that options a and b met AT&T needs for market entry.

The discussion next considered the Network Interface Device need. Mr. Crafton stated AT&T would agree to ground the loop when a service call was made. Mr. Schaefer noted that BellSouth's position has not changed. Mr. Carroll noted that Option b (AT&T ground loop and certifying it as such on BellSouth certification program) was the correct solution. Mr. Schaefer disagreed.

The discussion next turned to Dedicated Transport. Mr. Crafton asked if BellSouth had any additional thoughts on its position. Ms. Lavett noted that AT&T could purchase transport but BellSouth disagreed with AT&T on the port.

The parties moved to discussion of the five-year reservation on rights of way. Mr. Schaefer explained BellSouth's position was based on its reading of Section 224 of the Telecommunications Act. Mr. Crafton asked if AT&T would have access to all records on a current basis. BellSouth said the records would be available. Mr. Carroll noted that AT&T agreed about the records access, but not on the five-year reservation.

Mr. Carroll then asked Mr. Schaefer about BellSouth's position on AIN. Mr. Carroll noted that at the previous meeting Mr. Schaefer had agreed to revisit the issue of whether Phase III AIN was required by the Act. Mr. Crafton noted that AT&T was seeking unmediated access. Mr. Schaefer said the parties disagreed on what was required by the Act.

Mr. Crafton said that for loop distribution, AT&T did not need this fully unbundled until 1997, although AT&T's position is that loop distribution unbundling is technically feasible. Ms. Lavett stated that BellSouth's position had not changed, that it was not committed to move forward on this, and it does not think it is technically feasible. Mr. Carroll noted that AT&T wanted BellSouth to consider a process to move forward with this. Mr. Schaefer stated BellSouth is working the issue but that there was no target date. Ms. Lavett noted that BellSouth would be hearing from vendors in six weeks. AT&T asked for an update at that time.

Mr. Crafton next provided the Unbundled Network Function Combinations chart (Attachment 4.) He wanted the parties to focus on what elements and combinations were most important to AT&T. Of the twelve combinations, AT&T needed the to ability to order eight by November, 1996. Four combinations could be provided later. Following discussion about the document, Ms. Lavett noted that combination 1 looked like resale

and BellSouth did not agree that AT&T should have the ability to recombine elements to replicate resale.

Mr. Carroll said that other than the area where we agree to disagree, he wanted to focus on the service dates across the various combinations and dates where the combinations were doable from an operation and ordering perspective. Mr. Carroll asked if the parties could focus on delivery dates in areas where the parties agree. Ms. Lavett said they could. Mr. Carroll noted that in his view, combinations 1, 3, 5 and 8 were agreeable now, subject to resolution of certain issues. Mr. Schaefer stated Option 1 could be available if operator services/directory assistance was branded BellSouth; Option 3 and 8 are available except where IDLC equipment deployed and combination 5 was available.

The meeting then concluded.



**ATTACHMENT 7**